

MINUTES OF THE JANUARY 25, 2011, ADVANCEMENT COMMITTEE MEETING

The Advancement Committee (“the Committee”) of the Board of Regents met on January 25, 2011, in the Regents’ Room of the Smithsonian Castle in Washington, D.C. Participating were Committee Chair Alan G. Spoon and Committee members Travis Engen, Sakurako Fisher*, Robert Kogod, Adrienne Mars*, and Paul Neely; and ex officio member Patricia Q. Stonesifer also participated. Committee member David H. Koch was unable to participate. Staff members present were Secretary G. Wayne Clough; Chief of Staff to the Secretary Patricia Bartlett; Assistant Secretary for Education and Access Claudine Brown; Director of Advancement and Philanthropic Giving Virginia B. Clark; Deputy Director of External Affairs Zully Dorr; Assistant General Counsel Farleigh Earhart; Under Secretary for History, Art, and Culture Richard Kurin; General Counsel Judith Leonard; Under Secretary for Finance and Administration Alison McNally; Under Secretary for Science Eva J. Pell; Director of Development Operations and Systems Jerome T. Posatko; Campaign Director Jenine Rabin; and Office of Advancement Manager of Communications William Tabor.

The agenda consisted of the approval of the minutes of the December 14, 2010, meeting; an overview of campaign planning activity since the last meeting; reports on the campaign mission and strategic needs; campaign infrastructure, including staffing, budget, finance plans, and policies; an evaluation of campaign risks and mitigation strategies; a campaign motion; fund-raising results as of December 31, 2010; and pending gifts. Committee members were sent materials in advance of the meeting.

Call to Order

Mr. Spoon called the meeting to order at 10:02 a.m. He welcomed members and noted the importance of this meeting, at which the Committee will review the components of the national campaign plan and consider a motion to recommend the campaign plan to the Board of Regents.

Minutes of the December 14, 2010, Meeting

The minutes of the meeting of December 14, 2010 were sent to members in advance of the meeting. Mr. Spoon asked for any comments or changes. There being none, Mr. Kogod moved that the minutes be approved. Mr. Engen seconded the motion. The minutes were approved by unanimous vote.

Overview of Campaign Activities

Mr. Spoon asked Secretary Clough to review the campaign activities. The Secretary reported “good news” as the year begins: the Endowment exceeded \$1 billion as of December 31, 2010; first quarter fund-raising results are strong; and several key donors have shown philanthropic

** participated by teleconference*

leadership by making major gifts. He thanked Mr. Kogod and his wife, Arlene Kogod, for their generous gift in support of the Arts and Industries Building. He reported that unit directors support the campaign, the gap in the campaign funding model has been closed, and the proposed fund-raising policies are in good order. Several meetings have been held on campaign communications, branding, and campaign ideas.

Campaign Ideas

Ms. Clark led a discussion of examples of campaign ideas, which were provided to Committee members in advance of the meeting. The ideas represent campaign priorities that capture the imagination; are transformational and unique to the Smithsonian, and differentiate it; and play to the Institution's strengths. Members made many comments, including the following: These ideas are what people talk about and remember in a campaign. When well-articulated, they can be powerful and memorable, so that they connect an individual to an organization. Campaign ideas represent an opportunity to make simple and clear statements about the Smithsonian's strategic plan and grand challenges. While the examples given to the Committee are a start, they are written unevenly and with inconsistent style. An idea should be a three-line statement that connects long-term mission, near-term vision, goals, objectives, and priorities. The Committee recognized that these materials were in draft form and will benefit from further discussion and work to sharpen them. The Committee asked for the staff to come back to it at the March 31, 2011 Advancement Committee meeting with a vision and message "preamble" to the campaign case. This will create the framework and context for discussing future project ideas.

Campaign Goal

Mr. Spoon next led a discussion of the campaign working goal. He asked each member, in consideration of external factors, whether the goal is still a good one. Each member expressed support for the working goal. There was a further discussion about messages that support the working goal.

Campaign Infrastructure

Ms. Clark reported on campaign staffing. Plans call for 67 staff to be hired over the next 18 months. The majority will be unit-based fund raisers. Some key fund-raising staff members have already been hired and searches are under way for others. Unit directors are ready to take on their campaign roles and further develop their boards.

Mr. Spoon discussed the campaign budget and funding model and asked for comments and questions. Discussion touched on the gift fee, the need for developing good metrics to track costs, the timing of income and expenditures, and the cost-per-dollar for the Smithsonian to raise funds as compared to similar organizations. Mr. Spoon said the Smithsonian should outperform comparable organizations and can do so with good metrics in place. Mr. Posatko said the Request for Proposal for the new information technology system has been released and responded to questions about the system.

Ms. McNally discussed campaign funding and reported that the gap between income and expenditure in the campaign funding model has been closed by working closely with the unit directors. Ms. Clark discussed proposed campaign policies and thanked Mr. Engen and Ms. Fisher for assisting in their development. The proposed policies incorporate best practices and allow for transparency and oversight. For the first time, the Institution will compile an inventory of its recognition opportunities. Mr. Engen described approval levels the new policies incorporate, noting that the Secretary may approve recognitions included in the inventory for gifts up to \$5 million. The Committee discussed the minimum gift size for an endowment, and there was agreement that the present level of \$25,000 is too low. Mr. Spoon asked that this point be developed for future discussion by the Committee.

The Committee took a short recess. It reconvened at 12:02 p.m.

Campaign Risks and Risk Mitigation

Mr. Spoon asked the Secretary to discuss campaign risks and their mitigation. The Secretary discussed potential risks related to, among other things, a public controversy, government relations, the campaign goal, and campaign infrastructure. Members asked a number of questions, which the Secretary and staff members addressed.

Campaign Motion

Mr. Spoon led a discussion of a draft campaign motion to be presented for the approval of the Board of Regents. Ms. Clark said that because the Finance Committee reviewed campaign plans in December, the final motion before the Committee reflects a change from that sent in advance. By the amended motion, the campaign plan when approved will go directly from the Advancement Committee to the Board for action.

Mr. Spoon noted that the Committee had reviewed every aspect of campaign planning over the last two years, and asked for comments. Ms. Stonesifer observed that the approval of a campaign motion will be a historic action for the Smithsonian.

Mr. Engen moved that the campaign motion, as amended, be approved. Mr. Neely seconded the motion. The following motion was unanimously approved:

VOTED that the Advancement Committee recommends that the Board of Regents approve the core components of the national fundraising campaign as presented by the Secretary, and the proposed campaign budget and financing options, including, but not limited to, increasing the Endowment payout rate to not-to-exceed one percentage point for the duration of the campaign, established annually.

Campaign: Next Steps

Ms. Clark outlined the next steps for the campaign following approval of the campaign plans by the Board. Staff will begin to operationalize the funding model, develop campaign communications and the campaign case statement, and commence the principal gift strategy.

Staff will report back to the Committee on the campaign committee structure at its March 31, 2011, meeting. Mr. Spoon asked staff to have the campaign “preamble” ready for that meeting, and asked staff to prepare memos outlining the Committee’s upcoming agendas.

Mr. Spoon thanked the Committee for its work and said that an exciting opportunity for national leadership lies ahead. Ms. Stonesifer recognized Mr. Spoon for his leadership as Committee chair. At Mr. Spoon’s request, Ms. Stonesifer assumed the chair for the remainder of the meeting.

Fund-raising Results as of December 31, 2010

Ms. Clark reported on fund-raising results for fiscal year 2011 year-to-date. During the first quarter, which ended December 31, 2010, the Smithsonian raised \$67.09 million, which includes raising \$50.48 million in December. This is the best-ever December fund-raising result. Unrestricted giving is steady compared to one year ago. Ms. Clark thanked Mr. Kogod for the generous gift made with his wife to the Arts and Industries Building, Ms. Stonesifer for her assistance with a major grant received from the Lilly Foundation Inc. by the National Museum of African American History and Culture, and noted two important gifts made by Whitney and Elizabeth MacMillan, one to the Smithsonian American Art Museum and another to the National Museum of Natural History.

Review of Pending Gifts

Ms. Clark introduced the three gifts actions for Committee action, and answered members’ questions about them. She also noted that Target Corporation had signed a gift agreement with the National Museum of African American History and Culture, and that the related recognition the Committee approved at its September 14, 2010, meeting will go to the Board of Regents for approval at its January 31, 2011, meeting. The Board paper describing Notable Gifts and Grants, which was included in the advance meeting materials, was not discussed.

There being no further questions or discussion, Ms. Stonesifer asked for a motion to recommend the approval of the three gift actions. The three motions were moved by Mr. Kogod, seconded, and approved by unanimous vote of the Committee. The following resolutions will be referred to the full Board of Regents for consideration at its January 31, 2011, meeting:

VOTED that the Advancement Committee recommends that the Board of Regents recognize the generosity of Bloomberg L.P. to the Hirshhorn Museum and Sculpture Garden and approves naming the seasonal inflatable structure after the company. A name, such as the Bloomberg Inflatable Structure, will be mutually agreed upon by both parties and will be consistent with the policies and guidelines of the Smithsonian. The naming shall be for the term of the sponsorship agreement, which is from December 16, 2010 until May 31, 2014, after which the donor will have the right of first refusal to renew the agreement

for an additional two years. In addition, Board accepts the other terms of the sponsorship agreement.

VOTED that the Advancement Committee recommends that the Board of Regents recognize the generosity of Airbus to the Smithsonian and the National Air and Space Museum and approves continuing the naming of the Airbus IMAX Theater at the Steven F. Udvar-Hazy Center until 2023 for a total of 15 years.

VOTED that the Advancement Committee recommends that the Board of Regents recognize the generosity of the Whitney and Elizabeth MacMillan Foundation to the Smithsonian American Art Museum and approves naming the MacMillan Education Center and creating and naming the MacMillan Education Endowment. The endowment will be used for programmatic purposes, as described.

Adjournment

Ms. Stonesifer stated that the Committee had accomplished a great deal and thanked all those present. There being no further business before the Committee, the meeting was adjourned at 12:48 p.m.